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# Agricultural Situation

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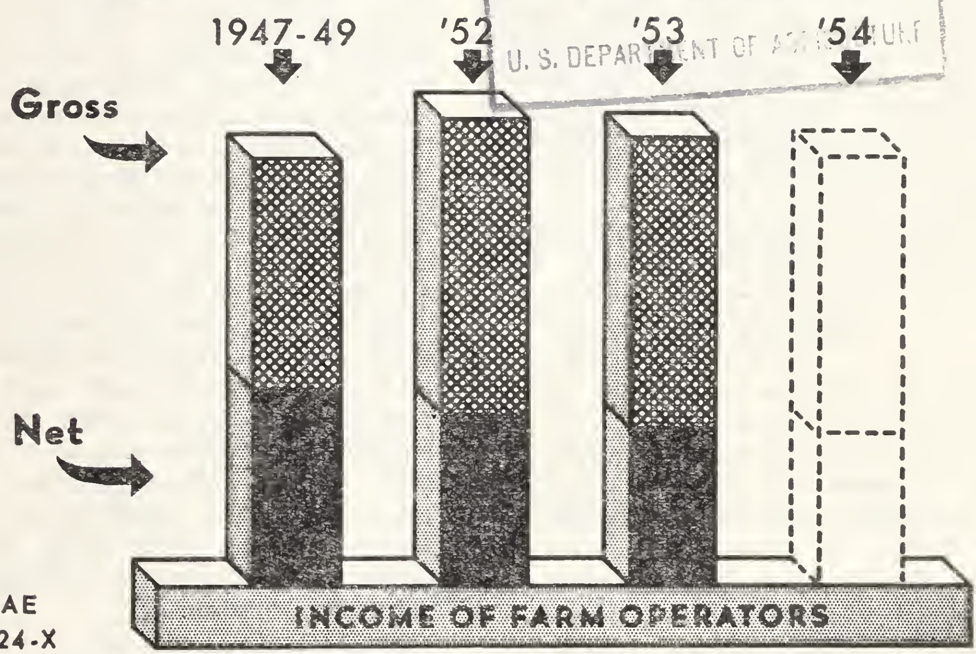
## Income to Change Little

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Farm operators' realized net income—the difference between realized gross farm income and total production expenses—is estimated at $12.5 billion in 1953. This is a billion dollars or 7 percent lower than the revised estimate for 1952. Reduced expenses next year may not fully compensate for the expected decline in farmers' gross income. Consequently, their net income in 1954 is not likely to equal this year's figure, but it will probably be fairly close.

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# A Look Ahead for Agriculture in 1954

PRICES farmers receive for their products in 1954 are expected to average close to current levels. This is the consensus of economists in the Bureau of Agricultural Economics, after a careful analysis of business conditions, expected trends in employment and income and purchasing power, together with prospective supplies of agricultural products.

No marked change in the domestic demand for food and other agricultural products appears likely in 1954 as compared with the current year. Also, foreign takings of farm products, while sharply reduced in the 1952–53 marketing season from other recent years, are expected to continue at about present levels over the next year or so.

Supplies of most farm products are expected to continue large in 1954.

**In This Issue**



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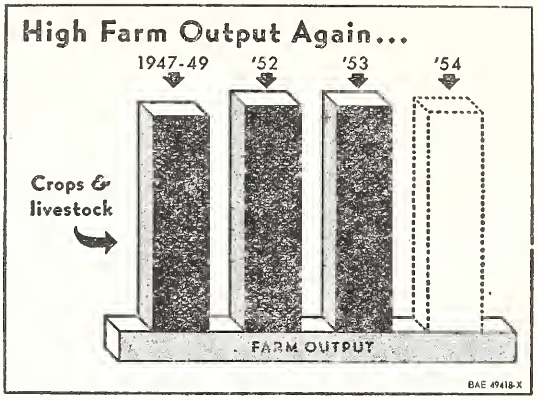
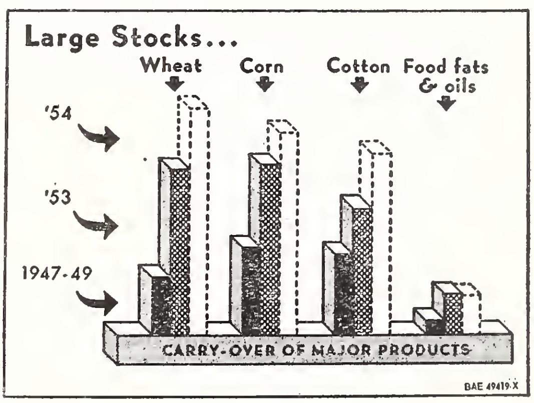



Carryover stocks may increase further at the end of the current marketing year, but a large part will be held by the Government, under the price support programs.

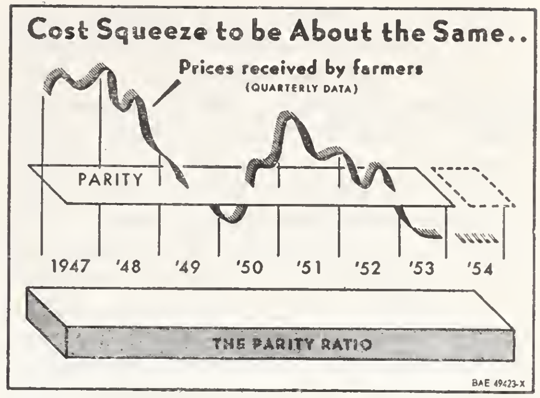
Acreage restrictions will bring smaller wheat and cotton crops; and price supports for these and several other commodities will continue to cushion the impact of large supplies on farm prices. Price supports for wheat, corn, cotton, peanuts, some types of tobacco and rice will continue at 90 percent of parity for 1954 crops unless marketing quotas for individual crops are disapproved by growers. The support levels for oats, barley, rye, and grain sorghums will be continued at 85 percent of parity. But because of lower parity prices, support prices will be a little lower for each crop except rye, which will be the same. The price support for flaxseed will be at 70 percent of the mid-September parity price, compared with 80 percent of parity for the 1953 crop. Support levels for other commodities have not yet been announced.

Unless drought next year forces liquidation of herds, cattle prices may

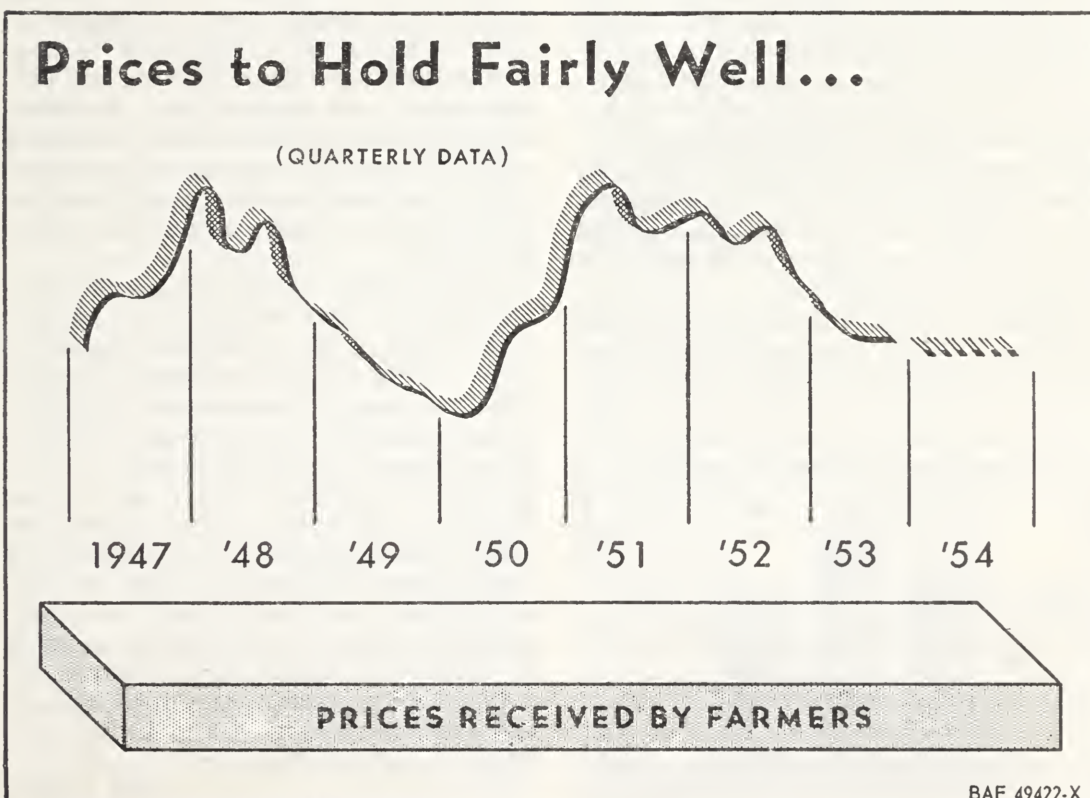


continue relatively stable, close to current levels. Current indications suggest that marketings of hogs in 1954 are not likely to be increased until the second half of the year. Price prospects for hogs are fairly favorable, at least through the first half of 1954.

Farmers' production costs were reduced slightly in 1953 and may decline further in 1954. Prices paid by farmers including interest, taxes, and wage rates held relatively stable in the first 9 months of 1953, but at levels about 3 percent below 1952. Most of the decline from last year was due to lower prices for feeder livestock and feed. Prices of these major items are not likely to change much from current reduced levels. Prices of fertilizer and other industrial products purchased by farmers have stabilized in recent months and probably will change very little in 1954. Price concessions, however, are likely to be more general than in 1953, especially for those commodities produced primarily for the farm market. Wage payments will continue high and interest charges and taxes are expected to be moderately higher.



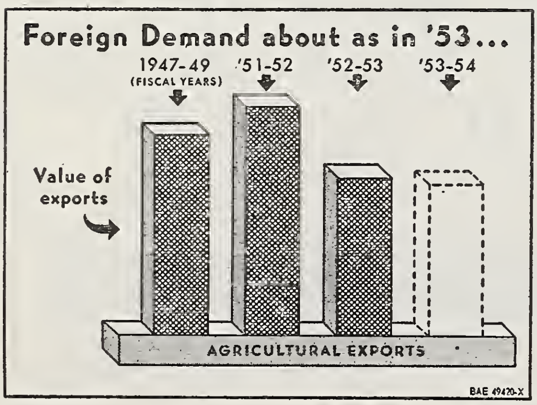

During the past year the greater decline in prices received than in prices paid by farmers dropped the *parity ratio* to 91 in mid-October compared with 99 a year earlier and 113 in February 1951 when prices received were at a peak. This decline in the parity ratio means, of course, that farmers' prices received are relatively less favorable as compared with prices of goods and services which the farmers buys and is often referred to as the "cost-price squeeze." Prospective trends in prices received and paid by farmers in 1954 do not indicate that the price-cost position of agriculture will change much in the coming year.

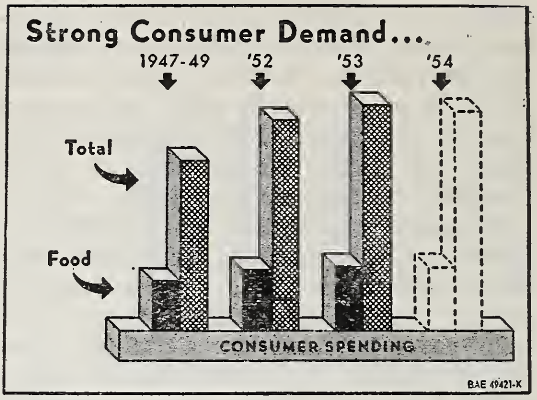


Based on present information, demands from some segments of the economy may well be somewhat less next year than in 1953. But it should be clearly noted that such easing in the economy as may develop in 1954 appears to be relatively small. Even with some decline in economic activity, consumer incomes available for spending in 1954 are not likely to be much different than in 1953. The prospective reduction in income taxes scheduled for next January will add appreciably to spendable income. Some further increase in wage rates is also likely in some industries and unemployment compensation would tend to limit the effect of reduced pay rolls if unemployment should develop. As a result, consumer buying in 1954 is expected to hold up well even though purchases of some consumer durable goods may decline somewhat from rates in the first half of 1953. Consumer demand for food should remain fairly close to that of 1953. However, with marketing charges continuing high, the farmer's share of the consumer's food dollar may continue near the present low level.

There is little indication of a further weakening in foreign demand for farm products in the current season. Supplies of dollar exchange will be up somewhat from 1952–53 and no major increase in foreign supplies is in prospect. But with increased price competition for some commodities and the withdrawal of the United Kingdom from the International Wheat Agreement, exports of farm products in the current year probably will be near the reduced levels of 1952–53.

Spending for defense purposes, while continuing high, may not be quite as large in the current fiscal year as in




1952–53, according to the latest Budget estimates released August 27. Even if prospective reductions are realized, defense spending in 1954 will be only slightly under 1953. Such a reduction in national security spending could be offset by further increases in State and local outlays for public facilities. These have been rising at the rate of about $1.5 billion annually in recent years.

Some evidence now available indicates that business demands for new capital may be somewhat less in 1954. Much of the defense related expansion program is likely to be complete by the end of this year. However, modernization and expansion of production facilities probably will continue in many industries, particularly if economic activity and consumer incomes are fairly well maintained. Business depreciation reserves and retained earnings, which have provided a major part of capital expansion funds in recent years, are likely to continue large in 1954.

Construction activity through September this year was at a record rate of 7.5 percent above the same period of 1952. Much of this increase reflected the big gain in commercial, religious, educational and recreational building. These types of construction are expected to continue high in coming months. Private housing starts declined from February to August but total starts for the first nine months of 1953 are about the same as a year earlier. If there are no marked changes in financing terms and incomes are fairly well maintained, only a moderate decline in new home building is likely for the next year.

Rex F. Daly
*Bureau of Agricultural Economics*

# Davis Reviews Prospects For Selling Abroad

*By John H. Davis, Assistant Secretary of Agriculture*

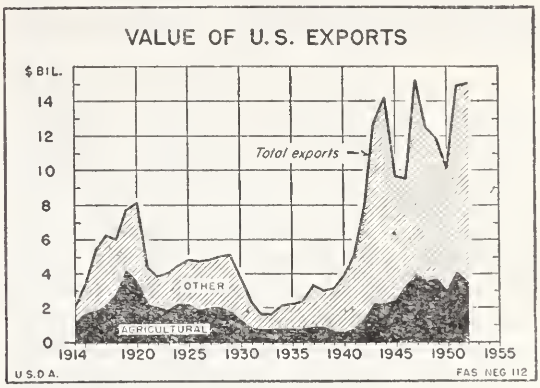
WHILE it is true that foreign markets do not take nearly as much of our farm products as do our domestic markets, nevertheless they are extremely important. They provide those extra outlets for food and fiber that make a more complete market for everything we produce.

During the 1951–52 marketing year all of us felt pretty good about the foreign marketing situation. That was the year when our agricultural exports hit a record total of over $4 billion. But we've been rather gloomy since then as we have watched our farm exports slide backward to only $2.8 billion in the 1952–53 marketing year. That was a dropoff of 30 percent. Many of our farm program headaches, including surpluses and depressed prices, are the direct result of this reduction in foreign markets.

## What About Next Year?

Will this downward trend continue? I believe not. I think we can safely be somewhat optimistic about our foreign trade prospects. While our agricultural exports have settled back to a lower rate than we desire, nevertheless there are good indications that we can at least maintain the present rate. By applying some real effort, perhaps we can even raise it.

This conclusion is based on the good prospect of sustained high-level economic activity for our Nation as a whole. Our farm export outlook is, of course, closely tied in with our overall prosperity. Similarly, the prosperity of many countries with whom we do business is closely tied in with our economic well-being. When buying our farm products, foreign customers have to do it principally with dollars earned when we buy from them—and our foreign purchases are heaviest when we are prosperous. With a continued high level of activity in our domestic econ-




omy, I believe that in the months ahead we can gain in our total agricultural exports.

That is the broad picture of the foreign trade outlook. Now for some of the individual commodities.

Unfortunately, there is little reason for optimism so far as wheat is concerned. World supplies of wheat are very high, and 1953 has seen continued high production. A further decline in our exports of this important crop seems in prospect, with our participation in the International Wheat Agreement only a partial buffer.

The outlook for rice continues good but little change is expected in other grains, though there may be some shift from corn to grain sorghums in the feed grain total.

Export sales of cotton have fallen drastically in recent months. Production in competing areas is relatively high and prices of competing foreign growths are generally lower than ours. However, the low inventory of United States growths abroad and some pickup in textiles activity, particularly in Europe, make it possible that cotton exports will be somewhat higher in the year ahead.

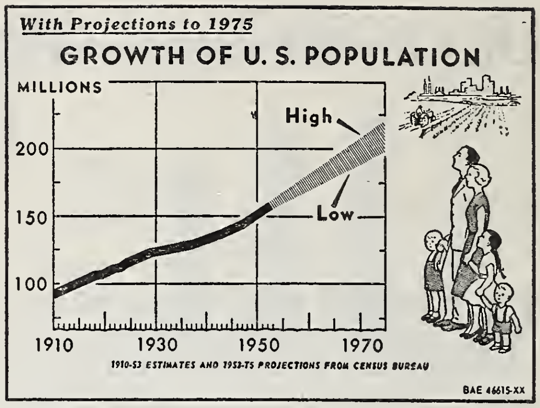
Our exports of fats and oils should hold to the high levels of recent years and may be slightly higher than during the past year. In spite of a fairly good world balance between production and consumption requirements, much of the surplus available for export is in the United States and it appears that other

countries must come to us if they are to maintain present consumption levels. Cottonseed oil and soybean oil especially may become more active during the year to come.

Among other commodities, expected changes are about offsetting with different reasons affecting each commodity.

As you see, the prospects are neither entirely gloomy nor entirely bright. Viewed realistically, I think we must admit that our agricultural exports have been undergoing a rather violent shakedown that today is affecting our entire farm economy. All of you know our agricultural history of the past 10 years. American farmers did about everything possible to expand their production. The results were outstanding—an increase of more than 40 percent over 1939 production. Actually, farmers met the needs of war and increased our country's per capita living standards as well. Then, following V–E Day and V–J Day, we did a great humanitarian job of feeding hungry people in areas where production had been dislocated by war. American food, in recent years, has had to play the role of both soldier and statesman.

Because American agriculture expanded to meet a challenge, now it finds itself with a production plant considerably larger than it probably would have had without a war. We have a very real problem of what to do with the full capacity of this plant. We are directly affected by the fact that the world's agriculture has recovered from the war and production has increased with advanced technology. Last year the world came up with record or near-record production of leading commodities. These include cotton, wheat, rice, corn, oats, barley, and fats and oils. This means that foreign countries now have less need for our food and fiber than they did only a couple of years ago. Furthermore, they have the chronic problem of earning enough dollars to buy from us the products that they do need. And, perhaps most important of all, they often find that they can buy farm products from other countries more cheaply than they can from us.




## Outgrowing Our Surpluses

These postwar transitions have come upon us rather suddenly, but they have been a long time in the making. Our present production, over-expanded in terms of currently available markets, is in reality one of the aftermaths of war. Until rather recently our agriculture has had the good fortune to be spared many of the postwar adjustments that had to come. But adjustments now confront us squarely, and we have to face up to them.

Farm production, as we all know, is not an easy thing to adjust. It is not elastic, like a rubber band. Instead it is more like molasses candy; it will stretch out but does not want to snap back. This characteristic of agricultural production intensifies our immediate problems of adjustment, but in the long run it is a good thing. The very fact that our agriculture is so highly productive that it is hard to shut off should not be thought of as a liability but should be regarded as one of our real sources of national strength.

For this immediate period we probably have no choice but to use mechanisms available to us for bringing production and markets into better balance. I believe that this can be done successfully over the next three to six years. Over the longer period, however, it will not be acreage allotments, marketing controls, and price support programs that solve our farm problems. We can be thankful that the day is not too far ahead when our country will have outgrown its surpluses. This it will do *through population growth, through improvement of diets, and through expansion of foreign markets.*

# Farm Labor and Farm Production Goods

THE SUPPLY of farm laborers and of practically all items and materials used in farm production has been adequate to meet needs in 1953 and no shortages are expected in 1954.

Effective labor recruitment campaigns and emphasis on using labor efficiently on farms, however, will continue to be necessary.

Farm employment in 1953 has averaged about the same as in 1952 and the number of *hired* workers employed on farms so far this year has averaged slightly greater than last year. A slackening off in the downward trend in farm employment points to some improvement in the supply of farm labor. For 52 consecutive months—November 1948 to February 1953—the number of persons at work on farms was less than in the corresponding month of the previous year. But in 2 months since last February the number of persons employed was above that of a year earlier.

Although there may be a slight increase in the overall supply of farm labor in the year ahead, the supply of *experienced* year-round workers is expected to continue tight. Nonfarm job opportunities will continue to lure some of these workers from farms. The induction and enlistment of farm workers in the armed forces will continue to create adjustment problems on some farms. Foreign and offshore domestic workers are expected to be available again for seasonal contract farm work.

Farm wage rates are a little higher this year than the record high in 1952 and are about 7 percent higher than in 1951. They are expected to average near present levels in 1954.

## Machinery, Fertilizer, and Materials

Farm machinery output this year, although down a little from last year and a fifth below the peak of 1951, probably is larger than for any year prior to 1948. Numbers of tractors, tractor machines and equipment, trucks and automobiles on farms have continued to increase. The total volume of power, machinery and equipment now on farms is about 90 percent above the average for 1935–39.

Prices of farm machinery in 1954 probably will be near current levels but price concessions and trade-in allowances may be more general and liberal.

Fertilizer supplies are expected to top the record of last season by around 13 percent. The supply of nitrogen probably will be up 11 percent; 12 percent more phosphates and 15 more potash.

Prices of fertilizer have increased less since 1935–39 than for many other production items. They are currently about 1.5 times the prewar average and only slightly above 1952–53 prices. Little change from present price levels is expected for fertilizer in the coming year.

Lower prices are being paid by farmers this fall than last spring for most legume and grass seeds. Notable exceptions are Kentucky bluegrass and redtop, prices of which are the highest on record. Prices of these two seeds probably will increase between now and next spring. Total supply of most of the important legume, grass and winter cover crop seeds is about a third below last year, but it is 2 percent above the 1942–51 average.

Prices of building materials, farm supplies and fencing materials have changed little during the past 2 years and probably will average near current levels in 1954. They are now nearly 2⅔ times as high as in 1940. Supplies of these materials are expected to be adequate to meet farmers' needs in 1954.

Stocks of pesticides held by manufacturers and dealers at the end of the 1953 season are considerably smaller than the large inventories of a year ago. Much of this reduction is due to smaller stocks of DDT, benzene hexachloride, and similar insecticides. Capacity of the chemical industry to produce pesticides is more than adequate to supply anticipated needs for the immediate future. Prices of most pesticides are lower than a year ago and probably will remain at present levels in 1954.

## Interest, Taxes, and Insurance High

Land values and net rentals of farm property in 1953 are slightly lower on the average than a year ago, and both are expected to average slightly lower next year. Interest rates and taxes on real estate and other farm assets in 1953 are slightly higher than a year ago and are expected to average slightly higher in 1954. Insurance premiums and assessments paid by farmers probably will be higher in 1954 than in 1953. The increased costs are due to increases in insurance carried rather than to increased rates charged.

## Cost-Price Squeeze

For the country as a whole, farmers probably will find that production costs in 1954 will average only a little below 1953 levels. Prices for what they have to sell also are expected to average slightly lower than this year. In making their plans, farmers should keep in mind that the cost-price squeeze will continue next year. They may find ways, of course, of meeting this continuing squeeze, through better management practices and higher yields with less labor.

As always, the real effects of changes in cost rates and in prices received by farmers for farm products will differ widely by type, size and location of farm.

Net returns in 1953 on 6 selected types of farms in widely separated areas were lower than in 1952 on Corn Belt hog-beef fattening farms, northeast and western Wisconsin dairy farms, southern Piedmont and Texas High Plains cotton farms, but higher on Northern Plains spring wheat farms. Prices received by these producers were generally lower in 1953 than a year ago. Production was about the same as a year ago on the dairy farms, lower for Corn Belt farms and the High Plains cotton farms but slightly higher for the Piedmont cotton farms and about 18 percent higher on the spring wheat farms. Prospective returns for 1954 are lower than in 1953 on the dairy and Piedmont cotton farms but higher on the other three types of farms. The extent of the change varies widely, of course, among types and location of farms.

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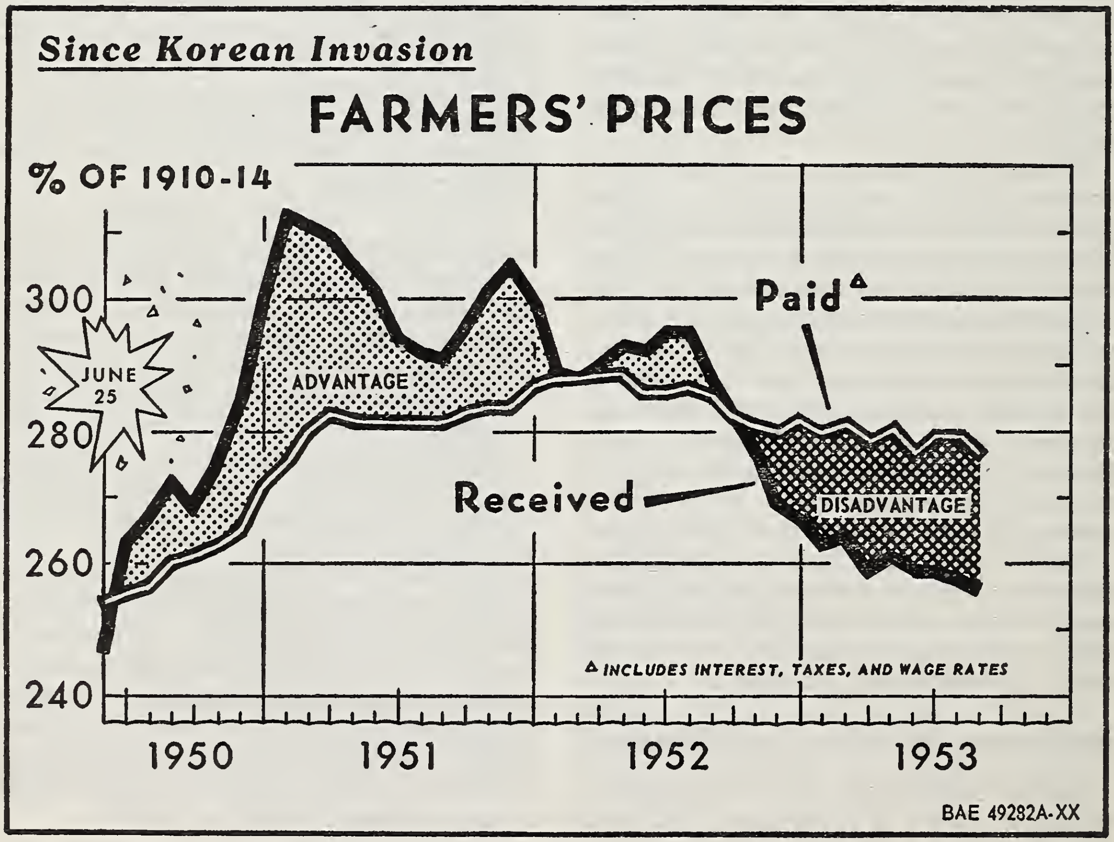
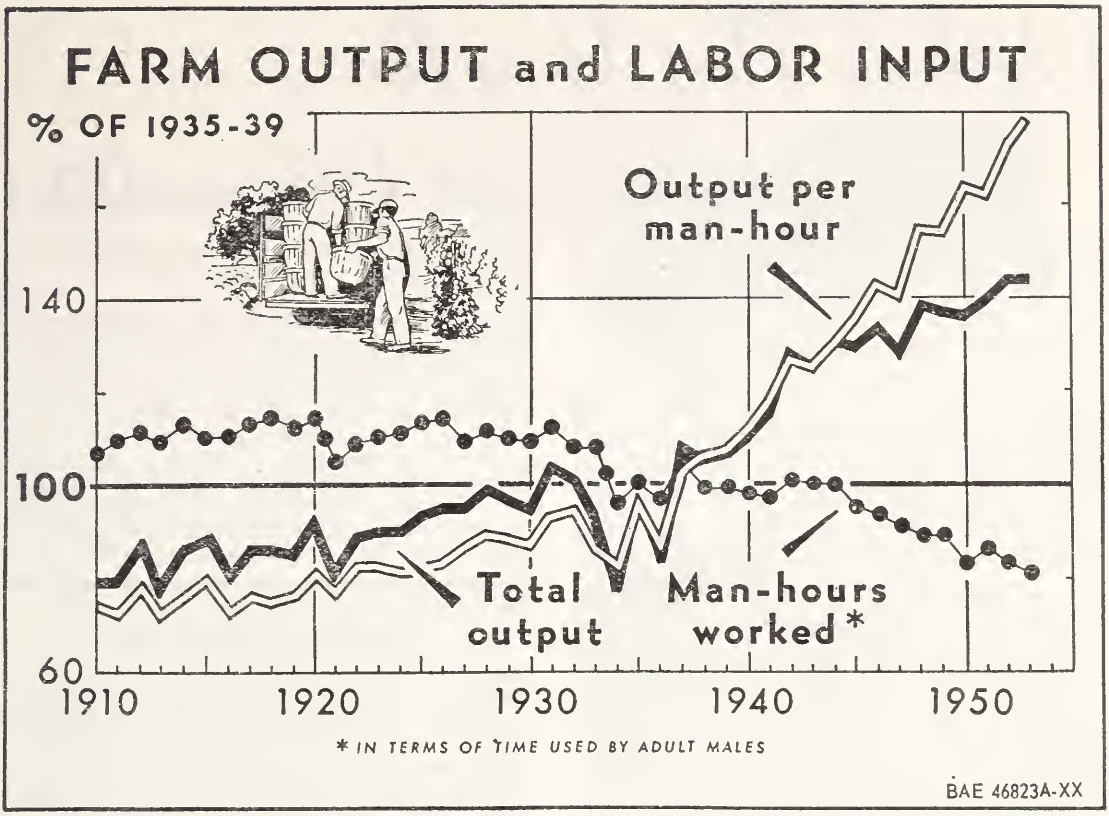





# Big Output From Mechanization and Labor Efficiency

DESPITE drought conditions in some sections of the country, the output of United States farms this year—all crops and livestock—will be about equal to the record volume of 1952—more than 40 percent above that of 1935–39.

Prolonged drought seriously curtailed production this year mainly in the southern plains, the southern part of the corn belt, and the middle Atlantic seaboard. In the northern and western parts of the country weather was generally favorable and good crops were produced. In other areas, such as the northern part of the corn belt, weather was favorable until most crops were fairly well matured.

The large output from farms during recent years is chiefly the result of higher yields of crops and animals. Important additions to food supplies also have come from the replacement of horses and mules by tractors and other kinds of mechanical power and the resulting increase in the kinds of livestock that produce meat, milk, and other products.

An outstanding phase of this agricultural revolution has been the great rise in farm output achieved with fewer man-hours of work. Output per hour of farm work this year is higher than ever—over 2⅓ times that of 40 years ago and about 3 percent higher than last year. In addition to increasing farm output, farm mechanization has played a big part in raising production per man-hour of labor. Higher crop and livestock yields have helped increase production per man-hour as well as raise total volume of farm output.

Even with the present high state of farm mechanization, opportunities on this score and others still exist to cut costs and to reduce the labor used in farm operations. Farmers can be expected to take advantage of these opportunities in the years ahead and thus continue to increase farm labor productivity and overall efficiency in farming.

# *Outlook Next Year for Various Farm Commodities*

WHEAT FARMERS expect a smaller wheat crop in 1954 than in most recent years, as a result of their marketing quotas. If the acreage seeded approximates the national allotment of 62 million acres and if yields equal the 1943–52 average, 950 million bushels would be produced next year. The wheat crop this year was estimated on October 1 at 1,163 million bushels which compares with the 10-year average of 1,089 million. It should be emphasized that the 950 million-bushel figure is not a forecast of production in 1954. The figure is based on the assumption that yields will be average and that farmers will comply with acreage allotments. A 950-million bushel crop would about meet anticipated domestic and export needs for 1954–55, and leave a carry-over July 1, 1955, about as large as the record 775 million bushels expected in July 1954.

The national average price support to growers for the 1954 crop was announced October 8 at not less than $2.20 a bushel. This minimum support price is 90 percent of the August 15, 1953, wheat parity price of $2.45. If the parity price as of July 1, 1954 (the beginning of the marketing year for the 1954 crop) is higher, the support will be increased to reflect 90 percent of the parity price at that time. In no event will the support be lower than the announced national average. Support for 1953-crop wheat, now eligible for loans and purchase agreement is a national average of $2.21 a bushel.

To be eligible for wheat price supports in 1954, a producer must (1) be in compliance with his 1954 wheat acreage allotment and all other 1954 allotments which have been or will be established for basic commodities in which he has an interest on the farm, and (2) obtain wheat marketing cards for all farms in the county on which he has an interest in the wheat crop.

**The Writers**

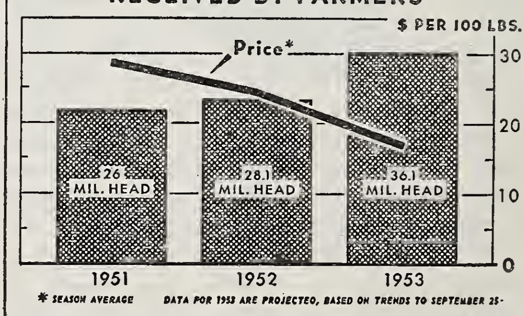
THESE COMMODITY SUMMARIES were written by the following BAE analysts: *Wheat,* Robert Post; *Feed,* Malcolm Clough; *Fruit,* Ben H. Pubols; *Wool,* Albert M. Hermie; *Food,* Harry Sherr; *Dairy,* Herbert Kriesel; *Oilseeds and Peanuts,* Richard J. Foote; *Tobacco,* Arthur G. Conover; *Cotton,* Frank Lowenstein; *Meat Animals,* Harold Breimyer; *Vegetables,* Herbert W. Mumford, Jr.; *Eggs and Poultry,* Edward Karpoff.

## Meat Animals

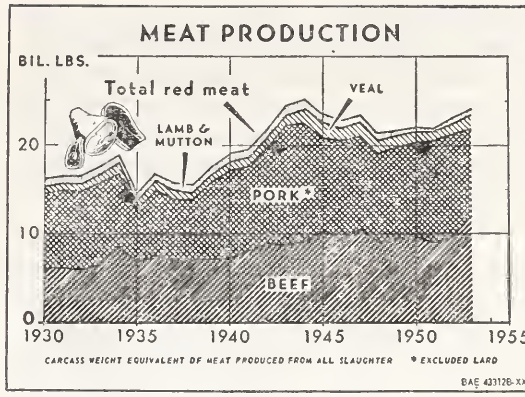
PROSPECTS for the *cattle and lamb feeder* in 1954 are brighter than in 1953; for the cattle producer prospects are about as good as in 1953; and for the *hog raiser* prospects are favorable, though not as much so as recently.

The lower prices for cattle this year have come about chiefly because many more cattle have been marketed. Numbers on farms at the beginning of 1953 were up to a record 93.7 million, from 77 million in 1949. In 1951, when cattle were being held back to expand herds, only 26 million cattle and calves went to slaughter. In 1953, slaughter will exceed 36 million.

But the slaughter rate is now fully equal to the rate of production. Cattle numbers on farms are no longer increasing. In the next few years the annual slaughter and beef output will



CATTLE SLAUGHTER AND PRICES RECEIVED BY FARMERS




remain high but no higher than in 1953. This prospective stability in supplies of beef should bring stability in prices also. To be sure, cattle prices will not go back to their levels of 1950–51. But unless demand for beef should weaken unexpectedly or a widespread drought should give an extra boost to cattle marketings, cattle prices next year seem likely to end their persistent declines of the last 2 years.

Prices may be most favorable for fed cattle. Feeders appear to be putting fewer cattle on feed this fall than last and the supply of fed cattle in the first half of next year may be moderately smaller than this past year. Choice steers are selling for almost $5 per 100 pounds more now than at their June low. Prices next spring, although declining seasonally, may be a little higher than this past spring. As feeders are buying their feeder cattle considerably cheaper this fall, they stand a good chance of making average or better profits in feeding.

Somewhat higher prices for fed cattle would give a firmer tone to prices of feeder stock. However, there is little reason to look for a really great improvement in feeder cattle prices next year. There will be wide differences in feeder prices by areas and especially by grades, with higher grade stock once more receiving considerably higher prices than the lower grades.

After 2 years of low prices for hogs, hog farmers cut their production from 102 million pigs in 1951 to 84 million this year. As a result hog prices have risen to their highest level ever except for 1947 and 1948. The hog-corn price ratio has been favorable for hog production, and producers are again taking an interest in expanding. Their intentions were to reduce the total fall pig crop by 5 percent, but it looks as though by late this fall farrowings will be back to or above last year. The increase will continue. The 1954 spring pig crop seems likely to be 5 to 10 percent larger than the 1953 spring crop.

About the middle of 1954 the hog slaughter rate will rise above the same period this year. Until then prices of hogs will continue relatively high. By next fall, when the seasonal price decline begins, the hog slaughter rate will be moderately above this year. Prices may therefore go down more than usual, averaging lower than this fall. Prices are not expected to be greatly depressed, however. Prospects are for favorable returns from all hogs raised for marketing during 1954.

Whether hog prices continue favorable into 1955 depends on whether producers over-expand production. That can not be foreseen yet.

The 1953 lamb crop is 7 percent larger than the 1952 crop and the largest since 1947. However, slaughter is up even more and the number of sheep and lambs on farms is apparently being reduced slightly. The prospect is for somewhat fewer lambs to be slaughtered next year than this. Prices for lambs will again be affected by the supply and price of cattle but may be just a little higher than usual relative to cattle prices. Prices for wool will again be determined mainly by supports and are expected to average about the same as this year.

## Feed

FARMERS in the 1953–54 feeding season will again have more than adequate supplies of feed grains and other concentrates. In addition to the big carryover of corn, another good crop is being harvested in the Corn Belt. Feed grain supplies are near record in the Midwest. But they are again below average in the South, where drought has materially reduced production of feed grains and hay for a second year.

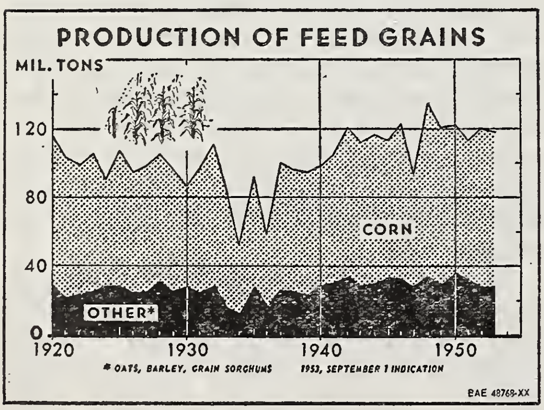
Total supplies of feed concentrates are estimated at 172 million tons, 3 million tons larger than in the 1952–53 season, and 10 million tons above the 1946–50 average. The supply per

grain-consuming animal unit is only slightly below the record level for 1948–50. The 1953–54 consumption of feed grains may be a little smaller than the 1953 production, and a near record carryover of feed grains, principally corn, is in prospect for 1954.

In 1954–55, average or above average feed supplies are likely because of the big carryover of feed grains in prospect. Even if the 1954 production should fall 10 percent below the 1946–50 average, the large stocks of corn carried over from 1953–54 would provide an average supply of concentrates next year. Corn acreage allotments in 1954 would result in some reduction in corn acreage in the commercial area. However, larger acreages of other feed crops are in prospect as a result of acreage restrictions on wheat and cotton.

Corn prices declined in October and are somewhat lower this fall than last. Farmers are expected to place substantial quantities of 1953 corn under price support, which may result in some tightening of the supply situation and seasonally advancing prices later in the marketing year. Prices of oats, barley, and sorghum grains also are somewhat lower this fall than a year earlier.

The protein feed supply is expected to be a little smaller than the big supply in 1952–53. Prices of high-protein feeds have declined sharply during the past year and are expected to remain somewhat lower this fall and winter than a year earlier. There may be some increase in prices of these feeds later in the feeding season, especially if hog and poultry production increases early in 1954.




The hay supply for 1953–54 is slightly larger than the supply last year, both in total and in relation to the prospective number of hay-consuming livestock to be fed. Hay supplies are generally adequate throughout most of the northern and western sections of the country. But in Missouri and Kansas and throughout large areas of the South, drought has again sharply reduced production and supplies in these areas are short.

## Eggs and Poultry

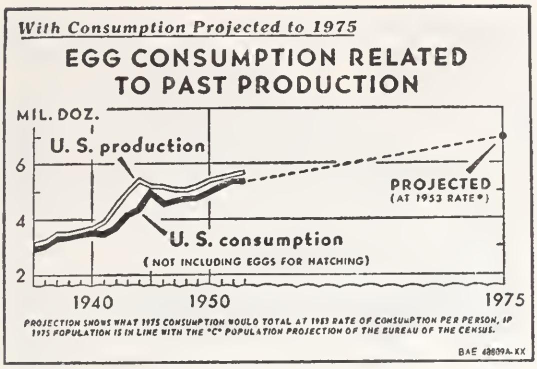
FARMERS produced more eggs and poultry meat in 1953 than in any other year, and 1954 is likely to be another year of high production of these products. Egg and poultry prices in 1954 are likely to continue satisfactory to producers, although springtime egg prices in 1954 are not likely to hold at such high levels as in 1953.

Poultrymen's feed costs have come down 5 to 12 percent in the last year, and are expected in the next 6 months or so to hold near the current level.

About the same number of laying chickens as this January are expected to be on hand January 1, 1954. This indicates a springtime egg production only slightly larger than a year earlier. With no great increase in the springtime egg supply, and with continued good demand, the prospect is for a springtime egg price only a little below the favorable springtime levels of 1953.

The present lower prices of broilers than a year ago, is partly compensated by reduced production costs. In 1954, output of broilers probably will continue to increase at about the 5 to 7 percent rate estimated for 1953, and prices are expected to average at about the level of the first 9 months of 1953.

The turkey outlook for 1954 will be considerably affected by the result of marketing the 1953 crop. If farmers adhered to their late-summer marketing intentions, half of the crop remained for marketing after November 1, but in November and December there




will be a sharp reduction from last year in the quantity marketed. In mid-October, most quotations for turkeys were slightly higher than a month earlier. Judged by activity in blood-testing turkey breeders for inclusion in hatchery supply flocks, the turkey industry is making plans for a larger output in 1954 than this year.

## Dairy Products

THE YEAR 1954 may bring dairy farmers many experiences similar to those of 1953. Consumer demand for milk products probably will be about as strong in 1954 as it has been this year. Milk production may be about equal to the prospective level for 1953—118–119 billion pounds. However, the carryover of manufactured dairy products into 1954, including Government price-support holdings, will be a record high.

The total supply of milk and dairy products in 1954 will be equivalent to around 126 billion pounds of whole milk, compared to 123 billions this calendar year. In 1953, commercial and farm uses of milk products took the equivalent of 115 billion pounds of whole milk. Even if no sales out of Government stocks are made, supplies of milk products for 1954 would substantially exceed demand at prices approaching this year's level.

Prices which farmers receive for milk and butterfat in 1954 will depend largely upon the level at which dairy supports will be set for the marketing year which begins April 1, 1954. Under the law now prevailing it is mandatory that the Secretary of Agriculture announce a support price for milk and butterfat at between 75 and 90 percent of parity. In the current marketing year the objective has been to support these products at 90 percent of the parities which prevailed at the time of the announcement last spring.

The United States average price received by farmers for milk in 1953 will be $4.35 per 100 pounds compared with $4.85 in 1952. The butterfat price in 1953 averaged 65 cents per pound compared to 74.1 cents in 1952. Prices of feeds are not likely to change much from present levels in the coming year. As a result, relationships between dairy-product prices and feed prices will be no more favorable than average the next 12 months. Gross receipts from the sale of milk and dairy products in 1954 are likely to be smaller than in 1953. However, costs also probably will decline slightly, so that net income from the dairy enterprise may be about the same in 1954 as 1953.

## Oilseeds and Peanuts

PRICES received by farmers for soybeans late in October were near support and less than last year, mainly reflecting low prices for soybean meal. Meal prices could rise later in the season, especially if hog and poultry production increase in 1954 as expected.

Through most of last year, soybean prices were comparatively high compared to the value of the products obtained from the beans. They may continue so in 1953–54, particularly in view of the sharp reduction in the crop.

The 1953 soybean crop is the smallest since 1949. If, in addition to the smaller crop, there is a considerable purchase of beans early in the season for export and producers place sizeable quantities under the support program, bean supplies could become tight enough to raise prices above support.

Prices received by farmers for 1953 crop cottonseed so far this crop year have been at about the support level. For the year as a whole, prices may average somewhat above support but

well below last year's season average of $69.60 per ton. Present prices of oil are about the same as last year but meal and linter prices are about 35 percent below a year ago. Cottonseed meal prices are lower than usual compared with corn and soybean meal. Some increase in meal prices from current low levels is probable. Oil prices are not likely to decline and possibly might rise. The 1953 cottonseed crop is slightly larger than a year earlier.

Supplies of linseed oil and flaxseed at the beginning of the 1953 crop year were large. In addition, production of flaxseed in 1953 is likely to be in excess of estimated requirements. Prices to farmers for 1953 crop flaxseed are being supported at a national average farm price of $3.79 per bushel. Farmers probably are placing as much flaxseed as possible under support programs as prices are likely to average below the support level.

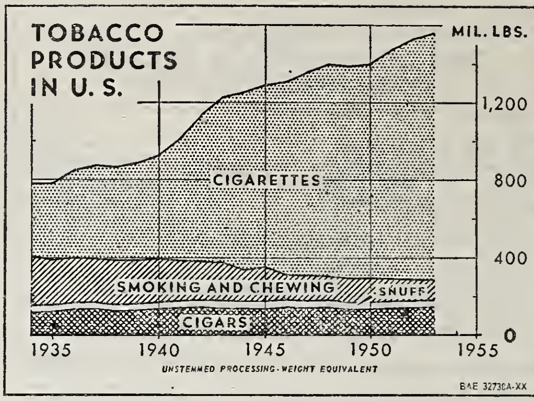
The 1953 *peanut* crop is estimated at 1.4 billion pounds, somewhat more than last year. Production may be in excess of edible and farm uses and most of the surplus would be acquired by CCC. As in most years, prices will be near the support level, which is 11.88 cents per pound (national average price).

## Tobacco

THE DEMAND for most tobacco is expected to continue firm in 1954. Cigarette output is expected to remain high and fairly close to the 438 billion estimated for 1953. The "king size" cigarettes, which require more tobacco than others, seem likely to continue to gain. Output of smoking tobacco in 1953 is estimated at 92 million pounds—5 percent below 1952. Exports of unmanufactured tobacco during the 1953–54 fiscal year are expected to be about as large as in 1952–53.

The economic positions of some major importing countries have improved appreciably in the past year or two. Exports to Germany and Netherlands increased greatly in 1952–53.

Drought conditions sharply reduced the 1953 crops of fire-cured and dark air-cured tobacco. Total supplies for 1953–54 probably will be lower than for 1952–53. Domestic outlets for fire-cured and dark air-cured tobacco are largely snuff and chewing tobacco, with




1953 outputs estimated at 38 and 84 million pounds respectively. Both are a little lower than in 1952. Chewing tobacco is likely to continue its downward drift but snuff may continue fairly stable. During most of 1952–53, exports of fire-cured tobacco were ahead of a year earlier but exports of dark air-cured were down.

The 1953 flue-cured and Burley crops are estimated to be 10 or 11 percent lower than the 1952 harvestings but the increase in carryovers will provide total supplies for 1953–54 that are not much different from those for 1952–53.

The 1954 marketing quotas and acreage allotments for flue-cured, Burley, fire-cured, and dark air-cured tobacco will be announced by the Secretary of Agriculture by December 1. Support prices for flue-cured and Burley will continue at 90 percent of parity and for fire-cured and dark air-cured, at 75 and 66⅔ percent of the Burley support level, respectively.

On October 29, growers of the cigar filler and binder types, produced mainly in Connecticut, Massachusetts, Wisconsin, and Ohio, voted in favor of marketing quotas on the next three crops. The 1954 prices of these tobaccos will be supported at 90 percent of parity. Growers of Pennsylvania filler (type 41) and Maryland tobacco disapproved quotas and no price support can be made available on the 1954 crops of these two types, according to law.

The 1953–54 supplies of continental cigar filler, binder, and wrapper types are indicated to be 7 to 9 percent lower than for 1952–53. The small Pennsylvania filler production in each of the last 2 years has reduced supplies of filler while the drop in carryover was the

major reason for smaller supplies of binder.

Cigar consumption in 1953 is estimated at 6,150 million—2 percent above 1952 and above any year back to 1930. Next year's cigar consumption is expected to be close to this year's.

## Cotton

THE SUPPLY of cotton in the United States for the 1953–54 market is estimated at 21 million running bales. Production is larger than the quantity likely to be used in and exported from the United States, and the carryover next August 1 is expected to be at the highest level of the postwar period, about 8.4 million bales.

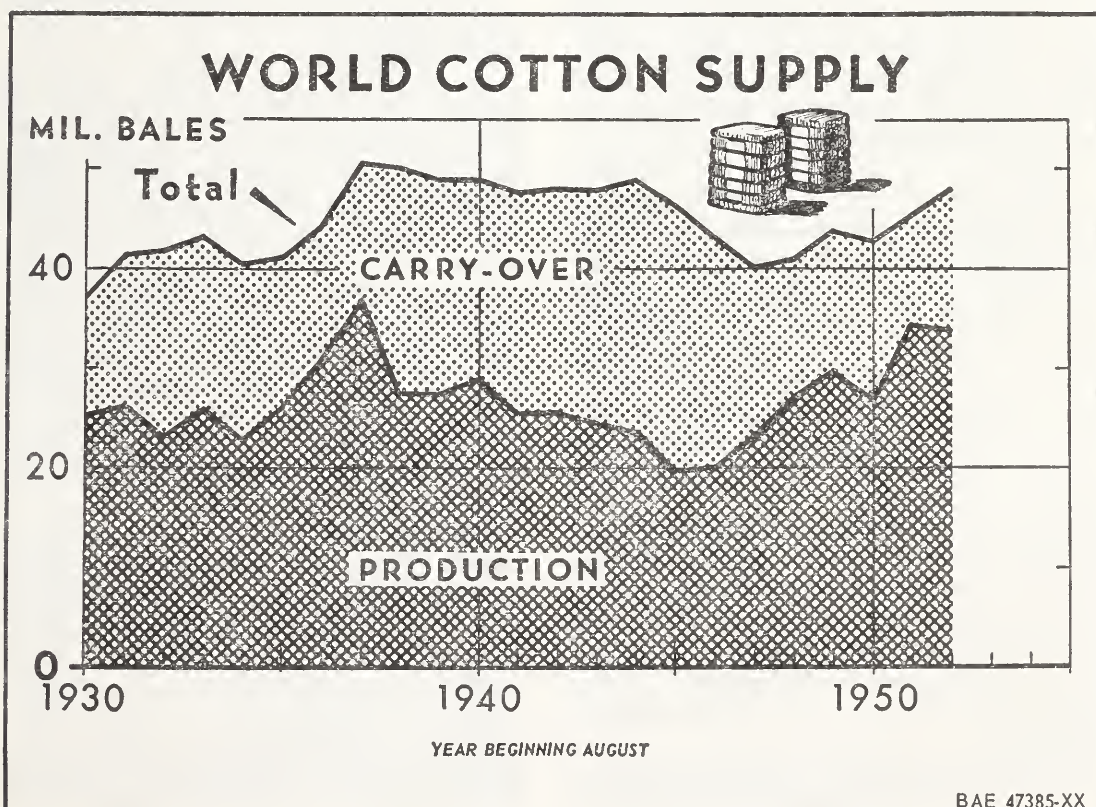
The supply of Upland cotton is 125 percent of the "normal" supply and the supply of extra-long staple is 198 percent of normal. Supplies of both types are so large that minimum marketing quotas were proclaimed by the Secretary of Agriculture on October 9. The acreage allotments total about 18 million acres compared with 24.6 million acres in cultivation on July 1, 1953.

Production of 10 million bales as called for by marketing quotas on the 1954 crop would be more than a third less than the 1953 crop. Such a sharp reduction in the cotton crop will most likely mean smaller cash receipts from the sale of cotton in the 1954–55 crop year than in the current season.

Domestic mill consumption of cotton in 1953–54 is expected to be between 9 and 9.5 million bales compared with the 9.5 million bales consumed in 1952–53. Exports are expected to increase from the 3 million bales of 1952–53 to about 3.3 million bales.

Exports of cotton yarn and fabric are expected to be smaller during the current season than they were in 1952–53, delivery to the military forces of cotton textiles will probably be smaller, and the consumption of synthetic fibers may hit a record high. These factors indicate a decline in domestic mill consumption of cotton.

Foreign producing countries are starting the 1953–54 marketing year with relatively large stocks of cotton, which will probably be sharply reduced by August 1, 1954. Production of cotton abroad will probably decline and foreign free-world consumption is expected to be maintained at high level. The net result of these forces will



probably be a small increase in United States exports of cotton.

The 1953 cotton crop, as estimated on October 1 was about 0.4 million running bales above the 1952 crop. The indicated yield of cotton per harvested acre of 315.4 pounds is the highest on record.

## Wool

THE WORLD supply of wool for the 1953–54 season is expected to be about the same as for 1952–53. A slight increase in world production is expected, but world stocks probably are lower. Although total stocks in the major consuming countries are up, the increase probably is somewhat less than the reduction in holdings of unsold wool in the Southern Hemisphere exporting countries.

United States production probably will be lower next year. The rate of sheep and lamb slaughter this year suggests a reduction in the number of stock sheep and in shorn wool production in 1954. If sheep and lamb slaughter declines next year as now appears likely, production of pulled wool also would be reduced.

World consumption of wool during the first half of this year is estimated to have been about one-fifth over early 1952. After the rate of consumption reached a post-World War II low in the third quarter of 1951, it increased for 7 successive quarters.

Mill use of apparel wool in the United States during the first half of this year was about one-fifth above last year. The total for the year, however, probably will exceed that of last year by a smaller percentage. If economic activity and consumer purchasing power continue at about present levels and if there is no great change in defense requirements, mill consumption next year probably will be nearly the same as this year.

Prices of wool in Australia since the opening of the current selling season have fluctuated near the closing prices of last June and have been slightly above those of a year earlier. Quotations at Boston for domestic wools early in October were well above a year earlier.

Prices received by domestic growers for shorn wool during the first 6 months of the current marketing season averaged slightly above last year. The mid-month averages for the first 4 months were above the national average loan rate but for August and September were just below. The average for the season probably will be slightly above both last year and the national average loan rate.

In the absence of any change in the international situation, wool prices generally probably will be relatively stable until the end of the current selling season in Australia next June. The average of prices received by domestic producers for the 1954 clip probably will not be greatly different from this year.

## Fruit

DEMAND for fruit in 1954 may not be greatly different from the generally strong demand of 1953. Likewise, no marked change is in prospect for total exports of fruit.

With average weather, total production of deciduous fruits in 1954 probably will be moderately larger than the relatively small 1952 and 1953 crops. Most of the increase is likely to consist of grapes.

Total production of tree nuts is likely to be smaller in 1954 than the near-record 1953 crop.

The 1953–54 citrus crop, most of which will be marketed in 1954, will be larger than the 1952–53 crop if production turns out as large as seemed likely this fall. Most of the increase will consist of grapefruit, although a small increase is expected in early and midseason oranges. As orange and grapefruit trees planted in Florida and Texas in recent years start bearing and as older trees in Texas make further recovery from the freeze damage of 1949 and 1951, production in these States can be expected to trend upward over the next few years.

Because movement of canned and frozen citrus into consumption channels was larger, even at higher prices, in the spring and summer of 1953 than in this period of 1952, carryover stocks of processed citrus in Florida are much smaller this fall than the relatively low stocks of a year earlier. Partly for this reason, grower prices for oranges this winter probably will

average about as high as in this part of 1952–53. However, because of the heavy increase in grapefruit production, prices for this fruit are expected to continue lower.

Output of frozen citrus juice, which set a new record in 1952–53, may increase further in 1953–54. Production of canned citrus juices also may increase. The pack of canned fruits is expected to be slightly larger in 1953–54 than a year earlier, but the pack of dried fruits is expected to be smaller, with less raisins.

Supplies of pears are expected to be larger, and grower prices lower, this fall and winter than in this period of 1952–53. Prices for apples this fall are likely to continue higher than a year earlier.

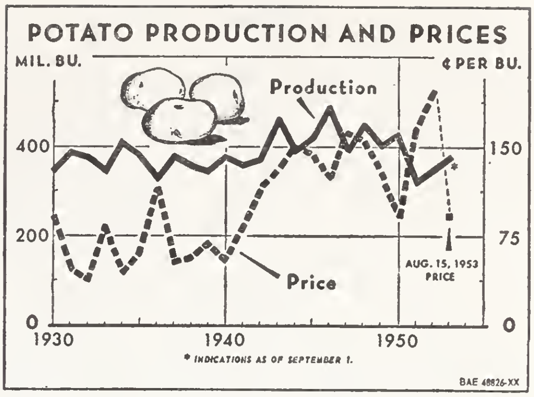
## Vegetables

THE LOW PRICES that go with the oversize 1953 potato crop will cause some farmers to cut potato acreage in 1954. Whether this will be enough to offset the upward trend in yields, however, is an open question. Some farmers perhaps have no better alternatives. In a few areas, farmers may be tempted to put into potatoes acreage diverted from other crops.

The overproduction problem varies by areas. Idaho's 1953 crop, for example, is slightly smaller than the 1952 crop, while Maine's bumper crop is larger than last year by 10 million bushels or 19 percent. Consequently, Idaho potato prices will not average as low relative to last year as prices for Maine potatoes.

No serious difficulty is expected in marketing the 1953 sweetpotato crop. While the crop is 19 percent larger than the small 1952 crop, it is 38 percent smaller than 1942–51 average. Commercial production of sweetpotatoes has been increasing in some areas for several years, while production primarily for home use has been declining. Whether total production rises in 1954 will depend in part upon the experience farmers have in marketing their 1953 crop.

Time will tell whether the relatively high prices for sweetpotatoes in the past 2 short crop years have created consumer resistance to sweetpotatoes that cannot be quickly overcome.




Commercial growers of vegetables for the fresh market in 1954 probably will plan to produce almost as large a total volume as in 1953. The usual reaction of farmers to the reduced level of prices received in the first 3 quarters of 1953 compared to a year earlier, would be some reduction in acreage in 1954. However, such an adjustment might be partly offset in some areas by acreage diverted from other crops.

Consumer demand for vegetables in 1954 is expected to remain on about the same level as in 1953. There may be some increase in consumption of frozen vegetables, in line with the strong upward trend. Early indications imply that total supplies of canned and frozen vegetables for distribution in 1953–54 will be adequate to meet continued strong demand with no marked change in the general level of prices.

With some shifts between crops as dictated by stocks on hand next spring, there probably will be a sound basis again in 1954 for canning and freezing operations on about the same total scale as in 1953.

Annual use of dry edible beans in the past several years has exceeded the amount grown, so that stocks have fallen rapidly. Even with the slightly larger 1953 bean crop, total supplies for this crop year will be smaller than a year earlier. Domestic demand for dry beans is expected to continue strong through 1954.

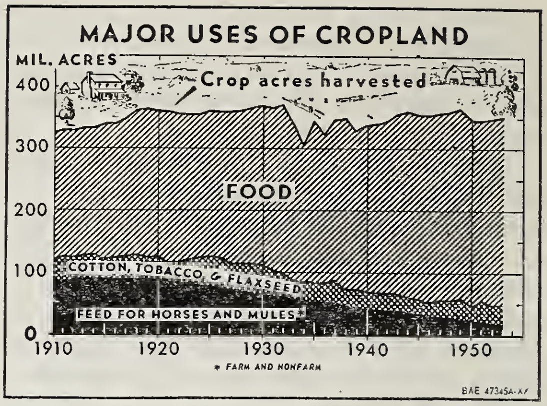
The 1953 crop of dry field peas is 28 percent larger than the small 1952 crop, probably will bring lower prices to farmers, and will permit a rebuilding of trade stocks which had been reduced to nominal levels.

## Food

CIVILIAN consumption of food per person next year is expected to continue at the 1953 rate, about 12 percent above the prewar (1935–39) average. The average of retail food prices in 1954 may not differ much from that of 1953. These are the prospects for our food economy next year as they appear at the present time.

Farmers are expected to produce about as much food in 1954 as this year, if weather is normal. The large number of livestock on farms and ranches point to continued heavy marketings of meat, milk, and poultry products. Similarly, a sizable output of food crops is also anticipated. Food imports will continue to supplement domestic production, even though in terms of total domestic supplies imports will still be relatively minor.

Noncivilian takings of food next year probably will be smaller than in 1953. Unless the international situation deteriorates, military purchases of food for troop use may decline from this year's total. Food exports will likely be smaller in 1954 because of the further reduction in prospect for wheat exports.




**As the above chart will show, most of our cropland is now used to grow food. A significant part of the great increase in the farm output during the last 10 or 15 years was due to the increase in farm mechanization. Since 1937, the replacement of animal power by machines has released 35 million acres of cropland for production for human use that formerly produced feed for horses and mules. Since World War I the reduction in numbers of work animals has released about 75 million acres for production for human use.**

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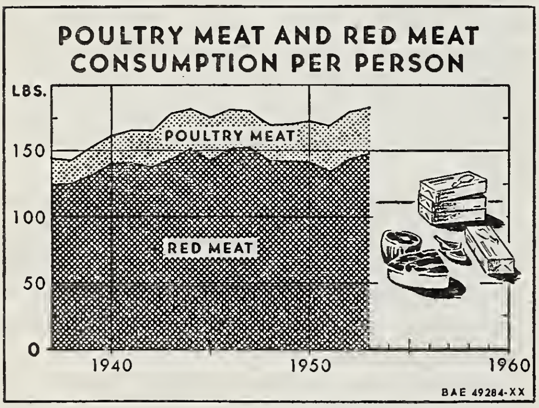



**Consumption of poultry meat has increased steadily in recent years as production of commercial broilers and turkeys has expanded. In 1953 about 29 pounds of chicken and 5.3 pounds of turkey (N. Y. dressed equivalent) are being consumed per person, which together equal about half the 62 pounds of pork or the 73 pounds or more of beef. Though the 1953 consumption of red meats will be short of 3 previous years, near-record consumption of poultry will boost the total of red meat and poultry to a new high.**

**In 1954 consumption of red meats is not likely to increase and may be smaller than in 1953, while consumption of poultry meat may not make much change.**

The pattern of food consumption in the United States next year is expected to differ little from that of this year. Some increase is expected for chicken, margarine, vegetable shortening, the frozen fruit and vegetable products, and sweetpotatoes. These increases will be offset by declines from the 1953 consumption rate in prospect for lamb and mutton, pork, lard, and canned fish. For the other major foods, civilians probably will have about as much per person in 1954 as this year.

Retail food prices in 1954 are expected to average close to the level of this year, unless food production is affected by unfavorable growing conditions or the international situation becomes worse. Consumer demand for food will continue strong next year as consumers' incomes probably will be maintained at a high rate, not much different from that of 1953. Rigidities in food processing and marketing costs will also have a stabilizing influence on retail food prices. For individual foods, however, retail prices during the year will change in response to season-to-season variations in the market supply.

# A Letter to Crop & Livestock Reporters

WHILE I'm writing this letter, the boys are scurrying around here to beat the band, digging up all kinds of data and facts to put together the Outlook for 1954. You never saw such activity.

After they dig up all the information they can get hold of, they write a preliminary report. Then they get together in a room, around a table, and go over it with a fine-toothed comb. Every now and then some fellow starts an argument and it sounds like a pen of Hampshire hogs with one ear of corn. It's all to the good though, because after all the facts are brought together, and everybody has had his say, the Outlook Board gets it, and when they get through it's a report that gives the facts and represents the very best thinking available on that particular subject. And after all, that's about all anyone can do in this outlook business.

It is the kind of analysis that many businessmen and business associations spend literally thousand of dollars to get.

Some large business organizations maintain expensive analytical organizations to guide them in their operations. I think it is safe to say that no businessman will stay in the game very long if he ignores the developments that are taking place in related or competitive lines.

Of course, no outlook report will tell you exactly what to do because you are the one to make the final decision. You are the only one who knows your own individual situation, the type of farm you have, the soil you're working with, and all of those other factors that relate to your farm and your farm only.

Now agriculture is one of the biggest businesses of this country of ours. It is carried on in some millions of farms scattered from the Atlantic to the Pacific, and from Canada to Mexico. To size up such a far-flung operation in a way that it will be useful to all of these millions of farmers is no little boy's task to be tackled on some afternoon when school's out. Back as early as 1839, when our agricultural industry was very much smaller than it is now, farmers were beginning to feel the need for this sort of service to guide them in their operations. And when the Department of Agriculture was organized in 1862 one of the first things to be undertaken was to lay the groundwork for this outlook service. Of course, you know what I'm talking about, it's the crop and livestock reporting service, and as I told you last year, there couldn't be any outlook if it wasn't for the fact that you, as crop reporters, livestock reporters, price reporters, and all the rest, contribute the information on which much of these reports are based.

Now, I'm not going to talk anymore about filling out schedules. I started out to talk about the Outlook Report. Every now and then I hear some fellow make a wisecrack about these long-faced economists who write lengthy and complicated reports that are hard to understand. Well, I see some like that too, but our analysts are mostly farm boys and know how to keep our Outlook stuff down to earth so a fellow can really use it. And apparently we get that across too, because I get some letters from crop reporters that indicate they can use it, and are using it to very good advantage. I haven't room to quote letters, but I would like to tell you about what one Nebraska farmer said in a note to me the other day.

He says, "all corn has matured, with pickers starting to crib corn the latter part of this week. Extremely dry weather hampers corn picking and adds to the fire and accident hazards, with nearly 2,000,000 bushels of CCC corn stored in the county and above-average corn and hay crops this year, and feeder cattle not costing much over half of what they did in September 1952, Cedar county feeders have more cattle on feed now than they did at this time last year. They took the Outlook advice and waited for lower feeder prices last fall. Consequently not many were hurt much, for their

*(Continued on page 22)*

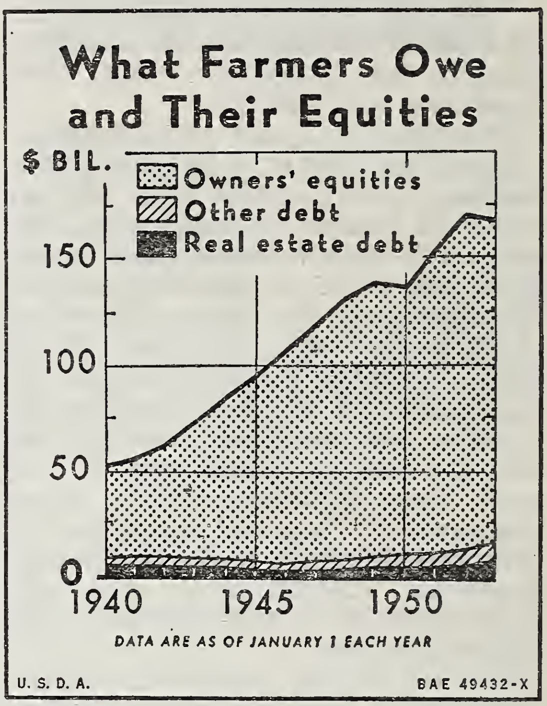
# Getting a Picture of Farmers' Financial Standing

THE ASSETS of agriculture, valued at $164.8 billion at the beginning of 1953, were 2 percent lower than a year earlier. This decrease was due to a shrinkage of $4.7 billion, or 24 percent, in the value of livestock on farms and about $1.4 billion, or 1 percent, in the value of farm real estate. Offsetting these decreases were increases in the value of farm machinery and motor vehicles and stored crops—the machinery and vehicles increasing by $0.9 billion, or 6 percent, and stored crops by nearly $300 million, or 3 percent. Farmers also further increased both their household goods and equipment and their financial assets by about $700 million.

Farm debts continued to increase in 1952, although at a lower rate than in 1950 and 1951, rising to a total of about $16 billion on January 1, 1953. Farm-mortgage debt continued to increase in 1952 for the seventh consecutive year. A rise of 8 percent brought the total to an estimated $7.1 billion on January 1, 1953, the highest amount for any year since 1937. Non-real-estate debt of farmers, excluding loans made or guaranteed by the Commodity Credit Corporation, totaled about $7.6 billion, or about 5 percent higher than a year earlier. In the previous year this type of indebtedness had increased by 18 percent. In the midwestern region, non-real-estate farm loans, other than price-support loans held by banks and federally sponsored agencies, decreased by a small amount during 1952. Lower prices and increased marketings of livestock moderated the need for credit in the principal livestock producing areas.

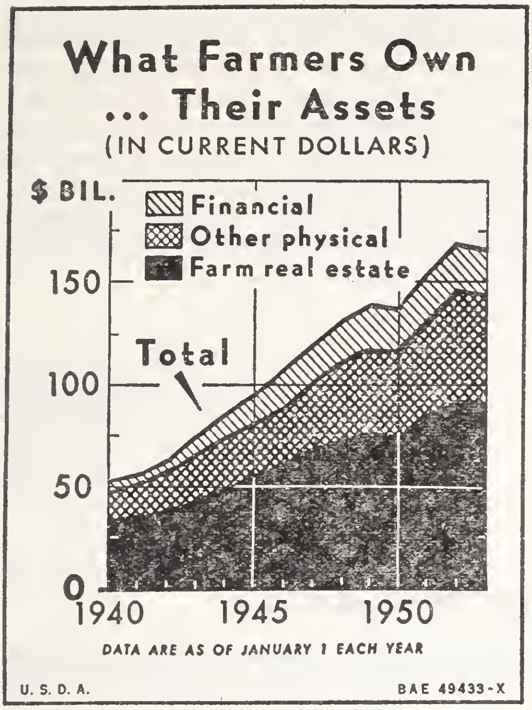
## Picture Is Different in Terms of 1940 Dollars

Had prices remained stable throughout 1952, all classes of assets would have




increased. Despite sharply reduced numbers of hogs and chickens, the livestock inventory would have increased last year about 2 percent because of the increased numbers of cattle. Moreover, the inventory value of stored crops would have increased 8 percent during 1952 instead of 3 percent.

Changes in the physical farm plant since 1940 reveal significant gains in machinery and motor vehicles from 1940 to 1953. This item increased 141 percent as measured by the valuation of assets at 1940 prices (*see third chart*). The livestock inventory (*value*) was approximately the same at the end of this period as at the beginning. Crops stored on and off farms increased 19 percent. The chart does not reflect improvements in farm soils and better farm buildings (*farm real estate section of the chart*) but gains are believed to have been made in this asset as a result of the continued improvement of farms.




A significant thing to notice, of course, is that for the longer period, 1940 to 1953, farmers' total assets have risen, even when measured in 1940 dollars.

## What We May Expect in the Months Ahead

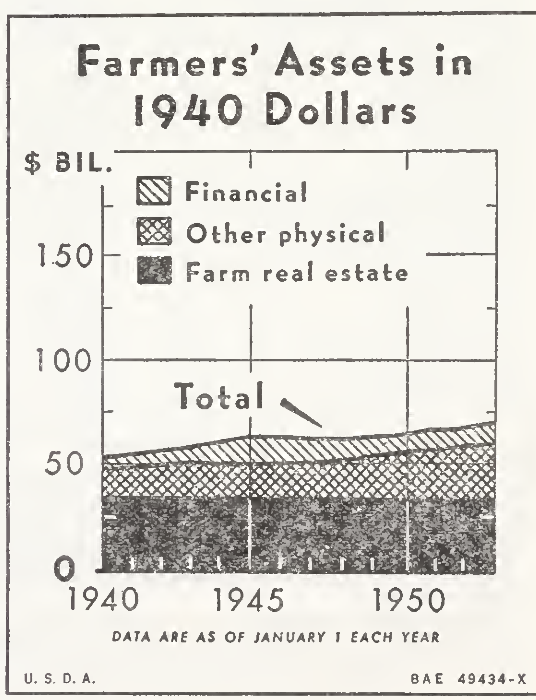
Total assets of American agriculture are expected to be valued at about $156 billion on January 1, 1954. This will be about 5 percent less than at the beginning of this year, but will be 46 percent more than the value of these assets at the beginning of 1946, the first postwar year.

For farmers' debts, an increase of $800 million, or 5 percent, is indicated for 1953. Farm real estate debt is expected to rise from $7.1 billion to $7.8 billion and non-real-estate debt from $8.8 to more than $8.9 billion. All of the increase in non-real-estate debt will probably result from a sharp expansion of price-support loans held or guaranteed by the Commodity Credit Corporation. Other non-real-estate loans are declining as a result of lower livestock prices, fewer purchases of farm machinery, and a more cautious attitude on the part of both borrowers and lenders. Refinancing of short-term non-real-estate loans is apparently contributing to the rise in farm real estate debt.

Because of rising debts and declining values of farm assets, the equities of farmers and others in American agriculture are expected to shrink $9 billion during 1953. This will be nearly twice the decrease that occurred during 1952.

During 1954 the balance sheet of agriculture will probably reflect further declines in values of assets and equities. It is too early to predict the trend in value of crop and livestock inventories but land values seem destined to continue their adjustment to the lower farm income that now prevails and farmers probably will continue to restrict investment in farm and home improvements. The liquid savings accumulated by farm people are not expected to show any considerable change. Short-term debts of farmers will probably decline further in 1954 but real estate mortgage debts are expected to continue to increase. Notwithstanding current trends, the 1954 outlook is for an agriculture with a financial condition that is still good by most past standards. The economic adjustments are not expected to be serious except in relatively few instances.

Norman J. Wall
*Bureau of Agricultural Economics*



## Letter to Crop and Livestock Reporters

(*Continued from page 19*)

cattle were not ready for market until after fat cattle prices went back up this summer."

Now that was a direct quote from a farmer, a voluntary crop reporter. He had not only been following the current crop report, but had used the Outlook Report to mighty good advantage.

This issue of the *Agricultural Situation* is the Outlook Issue. It has a boiled down version of a number of the Outlook reports just like we carry every year at this time. If you want any more detailed reports, or if you don't see some of the things you'd like to know more about, drop me a line and I'll see that you get the full reports. A post card will do, or write a note on your next crop schedule and we'll see that you get it.

Sincerely yours,

S. R. Newell, Chairman
*Crop Reporting Board*
*Bureau of Agricultural Economics*

(*See postscript on page 24*)

# Prices of Farm Products

[Estimates of average prices received by farmers at local farm markets based on reports to the Bureau of Agricultural Economics. Average of reports covering the United States weighted according to relative importance of district and State]

| Commodity | Average: Base period price [1] | Average: January 1947–December 1949 | Oct. 15, 1952 | Sept. 15, 1953 | Oct. 15, 1953 | Effective parity price Oct. 15, 1953 [2] |
|---|---|---|---|---|---|---|
| Basic commodities: | | | | | | |
| Cotton American upland (pound) cents | [3] 12.4 | 31.21 | 36.77 | 33.09 | 32.46 | 34.22 |
| Wheat (bushel) dollars | [4] .884 | 2.14 | 2.07 | 1.92 | 1.94 | 2.44 |
| Rice (cwt.) do | 1.92 | 5.38 | 5.76 | 4.87 | 5.40 | 5.30 |
| Corn (bushel) do | [4] .642 | 1.64 | 1.53 | 1.50 | 1.34 | 1.77 |
| Peanuts (pound) cents | [4] 4.8 | 10.2 | 11.1 | 11.0 | 10.9 | 13.2 |
| Designated nonbasic commodities: | | | | | | |
| Potatoes (bushel) dollars | [5] .573 | 1.60 | 2.10 | .989 | .897 | 1.58 |
| Butterfat in cream (pound) cents | 26.7 | 71.2 | 73.5 | 64.8 | 65.7 | 73.7 |
| All milk, wholesale (100 lb.)[6] dollars | 1.68 | 4.42 | 5.29 | 4.43 | [7] 4.63 | 4.64 |
| Wool (pound) cents | [5] 21.0 | 46.0 | 52.8 | 52.9 | 53.2 | 58.0 |
| Other nonbasic commodities: | | | | | | |
| Barley (bushel) dollars | .488 | 1.37 | 1.42 | 1.12 | 1.12 | 1.35 |
| Cottonseed (ton) do | 25.90 | 71.60 | 70.70 | 51.50 | 2.40 | 71.50 |
| Flaxseed (bushel) do | 1.62 | 5.54 | 3.73 | 3.48 | 3.51 | 4.47 |
| Oats (bushel) do | .317 | .852 | .828 | .714 | .727 | .875 |
| Rye (bushel) do | .605 | 1.82 | 1.74 | 1.12 | 1.15 | 1.67 |
| Sorghum, grain (100 lb.) do | [4] 1.21 | 2.53 | 2.87 | 2.26 | 2.19 | [9] 2.67 |
| Soybeans (bushel) do | .996 | 2.84 | 2.71 | 2.33 | 2.41 | 2.75 |
| Sweetpotatoes (bushel) do | .964 | 2.36 | 2.94 | 2.64 | 2.33 | 2.66 |
| Beef cattle (100 lb.) do | 7.54 | 20.20 | 21.40 | 15.80 | 14.70 | 20.80 |
| All chickens (pound) cents | 11.0 | 29.3 | 24.5 | 24.3 | 23.3 | 30.4 |
| Eggs (dozen) do | [4] 21.5 | 46.6 | 50.3 | 51.4 | 53.3 | [9] 47.4 |
| Hogs (100 lb.) dollars | 7.26 | 21.90 | 18.50 | 23.80 | 21.30 | 20.0 |
| Lambs (100 lb.) do | 8.19 | 21.90 | 22.10 | 17.70 | 16.60 | 22.60 |
| Calves (100 lb.) do | 8.39 | 22.60 | 21.80 | 15.50 | 14.30 | 23.20 |
| Oranges, on tree (box) do | [8] 2.29 | 1.23 | 2.00 | .95 | .98 | [9] 3.24 |
| Apples (bushel) do | .996 | 2.39 | 2.72 | 3.03 | 2.84 | 2.75 |
| Hay, baled (ton) do | [4] 11.87 | 22.40 | 25.60 | 20.90 | 21.20 | [9] 26.20 |

[1] Adjusted base period prices 1910–14, based on 120-month average January 1943–December 1952 unless otherwise noted.
[2] Parity prices are computed under the provisions of title III, subtitle A, section 301 (a) of the Agricultural Adjustment Act of 1938 as amended by the Agricultural Acts of 1948 and 1949.
[3] 60-month average, August 1909–July 1914 for all cotton.
[4] 60-month average, August 1909–July 1914.
[5] Adjust base period price 1910–14 derived from 10-season average prices 1943–52.
[6] Prices received by farmers are estimates for the month.
[7] Preliminary.
[8] 10-season average 1919–28.
[9] Transitional parity, 80 percent of parity price computed under formula in use prior to Jan. 1, 1950.

# *Economic Trends Affecting Agriculture*

| Year and month | Industrial production (1935–39=100) [1] | Total personal income payments (1935–39=100) [2] | Average earnings of factory workers per worker (1910–14=100) | Wholesale prices of all commodities (1910–14=100) [3] | Index numbers of prices paid by farmers (1910–14=100): Commodities | Index numbers of prices paid by farmers (1910–14=100): Wage rates for hired farm labor [4] | Index numbers of prices paid by farmers (1910–14=100): Commodities, interest, taxes and wage rates [5] | Index numbers of prices received by farmers (1910–14=100), Livestock and products: Dairy products | Livestock and products: Poultry and eggs | Livestock and products: Meat animals | Livestock and products: All livestock |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1910–14 average | 58 | -------- | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| 1925–29 average | 98 | -------- | 232 | 143 | 151 | 184 | 161 | 161 | 155 | 145 | 152 |
| 1935–39 average | 100 | 100 | 199 | 118 | 124 | 121 | 125 | 119 | 108 | 117 | 115 |
| 1947–49 average | 185 | 294 | 462 | 225 | 240 | 430 | 250 | 275 | 224 | 334 | 291 |
| 1950 average | 200 | 330 | 518 | 232 | 246 | 425 | 256 | 247 | 181 | 340 | 278 |
| 1951 average | 220 | 370 | 563 | 258 | 271 | 470 | 282 | 284 | 226 | 411 | 335 |
| 1952 average | 219 | 393 | 592 | 251 | 273 | 503 | 287 | 302 | 203 | 358 | 307 |
| *1952* | | | | | | | | | | | |
| October | 230 | 4.04 | 613 | 250 | 269 | 499 | 284 | 316 | 228 | 328 | 301 |
| November | 234 | 4.04 | 613 | 249 | 268 | -------- | 282 | 318 | 238 | 310 | 295 |
| December | 235 | 4.09 | 628 | 246 | 267 | -------- | 281 | 309 | 221 | 291 | 280 |
| *1953* | | | | | | | | | | | |
| January | 236 | 409 | 622 | 247 | 267 | 514 | 284 | 296 | 218 | 303 | 281 |
| February | 240 | 409 | 620 | 246 | 264 | -------- | 281 | 286 | 206 | 305 | 277 |
| March | 243 | 413 | 627 | 247 | 265 | -------- | 282 | 277 | 216 | 301 | 274 |
| April | 241 | 412 | 622 | 246 | 264 | 508 | 280 | 264 | 218 | 299 | 270 |
| May | 240 | 415 | 624 | 247 | 264 | -------- | 280 | 257 | 218 | 317 | 277 |
| June | 240 | 417 | 624 | 246 | 260 | -------- | 277 | 254 | 213 | 299 | 267 |
| July | [6] 232 | [6] 419 | [6] 623 | 249 | 261 | 514 | 279 | 261 | 223 | 318 | 280 |
| August | [6] 236 | 418 | 625 | 248 | 262 | -------- | 279 | 267 | 230 | 305 | 276 |
| September | -------- | -------- | -------- | 249 | 259 | -------- | 277 | 274 | 231 | 299 | 276 |
| October | -------- | -------- | -------- | -------- | 258 | 515 | 276 | 283 | 236 | 273 | 267 |

| Year and month | Index numbers of prices received by farmers (1910–14=100), Crops: Food grains | Crops: Feed grains and hay | Crops: Tobacco | Crops: Cotton | Crops: Oil-bearing crops | Crops: Fruit | Crops: Truck crops | Crops: All crops | All crops and livestock | Parity ratio [7] |
|---|---|---|---|---|---|---|---|---|---|---|
| 1910–14 average | 100 | 100 | 100 | 100 | 100 | 100 | -------- | 100 | 100 | 100 |
| 1925–29 average | 141 | 118 | 169 | 150 | 135 | 146 | 145 | 143 | 148 | 92 |
| 1935–39 average | 94 | 95 | 172 | 87 | 113 | 95 | 95 | 99 | 107 | 86 |
| 1947–49 average | 246 | 223 | 384 | 262 | 319 | 195 | 214 | 246 | 270 | 108 |
| 1950 average | 224 | 187 | 402 | 280 | 276 | 200 | 185 | 232 | 256 | 100 |
| 1951 average | 243 | 220 | 436 | 335 | 339 | 193 | 239 | 264 | 302 | 107 |
| 1952 average | 244 | 227 | 432 | 309 | 296 | 195 | 254 | 267 | 288 | 100 |
| *1952* | | | | | | | | | | |
| October | 240 | 219 | 429 | 311 | 304 | 215 | 189 | 260 | 282 | 99 |
| November | 248 | 213 | 412 | 288 | 300 | 195 | 238 | 257 | 277 | 98 |
| December | 247 | 218 | 428 | 268 | 300 | 206 | 256 | 257 | 269 | 96 |
| *1953* | | | | | | | | | | |
| January | 245 | 214 | 419 | 252 | 291 | 208 | 237 | 251 | 267 | 94 |
| February | 240 | 206 | 424 | 255 | 287 | 209 | 237 | 247 | 263 | 94 |
| March | 246 | 208 | 424 | 266 | 291 | 215 | 248 | 253 | 264 | 94 |
| April | 244 | 206 | 424 | 266 | 289 | 226 | 204 | 247 | 259 | 92 |
| May | 242 | 205 | 426 | 268 | 285 | 224 | 182 | 243 | 261 | 93 |
| June | 222 | 198 | 425 | 266 | 280 | 253 | 270 | 251 | 259 | 94 |
| July | 218 | 197 | 426 | 269 | 268 | 207 | 216 | 237 | 259 | 93 |
| August | 215 | 198 | 430 | 277 | 262 | 205 | 221 | 237 | 258 | 92 |
| September | 219 | 200 | 452 | 279 | 251 | 221 | 159 | 234 | 256 | 92 |
| October | 223 | 187 | 439 | 274 | 255 | 214 | 175 | 231 | 250 | 91 |

[1] Federal Reserve Board: represents output of mining and manufacturing; monthly data adjusted for seasonal variation.
[2] Computed from reports of the Department of Commerce; monthly data adjusted for seasonal variation.
[3] Bureau of Labor Statistics.
[4] Farm wage rates simple averages of quarterly data, seasonally adjusted. [6] Revised.
[5] Revised to reflect revisions in the interest and tax indexes.
[7] Ratio of index of prices received to index of prices paid, interest, taxes, and wage rates. This parity ratio will not necessarily be identical to a weighted average percent of parity for all farm products, largely because parity prices for some products are on a transitional basis. Revised to reflect revisions in the interest and tax indexes.

## Letter to Crop and Livestock Reporters

(*Continued from page 22*)

**P. S.** YOU HAVE HEARD, no doubt, of the organization changes that are taking place here in the *Department of Agriculture.* This is to tell you that your services as crop, livestock, and price reporters will not be changed.

Most of the functions of the *Bureau of Agricultural Economics* will continue, but under a new name. Part of the work will go to the Agricultural Research Service and the rest of it, including Crop and Livestock Reporting, will go into "the Agricultural Marketing Service" with O. V. Wells, former BAE Chief, at the helm as Administrator.

So far as your Crop and Livestock Reporting work is concerned, it will, of course, continue on as an important part of the *Agricultural Marketing Service.*

S. R. Newell, Chairman
*Crop Reporting Board*
*Bureau of Agricultural Economics*

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BUREAU OF AGRICULTURAL ECONOMICS
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